

# Exhibit U

**AMERINDO**  
**INVESTMENT ADVISORS INC.**

**399 Park Avenue 22nd Floor**  
**New York , NY 10022**  
**Tel (212) 418-2532**  
**Fax (212) 317-9381**

**FAX**

**PERSONAL & CONFIDENTIAL**

**May 20, 2005**

**Pages: 4 including cover**

**TO: Cheryl M. Lawson**

**FAX #: 415.705.2330**

**FROM: Alberto Vilar**

**REF: File No. SF-1064027**

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**Please see the attached letter.**

# **AMERINDO**

**INVESTMENT ADVISORS INC.**

**399 Park Avenue 22nd Floor  
New York, NY 10022  
Tel (212) 371-6360  
Fax (212) 317-9381**

Alberto W. Vilar  
*President*

May 20, 2005

VIA FAX  
(415) 705-2330

Ms. Cheryl M. Lawson  
Investor Assistance Specialist  
United States Securities and  
Exchange Commission  
San Francisco District Office  
44 Montgomery Street, Suite 2600  
San Francisco, California 94104

**Re: Edward T. Swanson for Lily Cates  
SF 1064027**

Dear Ms. Lawson:

I am responding to your letter, dated April 8, 2005, addressed to Amerindo Investment Advisors Inc. ("Amerindo") at its San Francisco office, to the attention of Ms. Dana Smith, Chief Compliance Officer. That letter requested that Amerindo respond to a complaint letter, dated March 31, 2005, sent to your office by Edward T. Swanson, Esq., on behalf of Lily Cates. This letter was received in Amerindo's New York office on May 2, 2005, by Ms. Smith who immediately contacted your office to acknowledge receipt.

Amerindo is a California corporation maintaining its principal place of business at One Embarcadero Center, Suite 2310, San Francisco, California 94111. Ms. Cates has never been a client of Amerindo, the California corporation. Rather, for approximately 18 years, Ms. Cates

was a valued client of a Panamanian corporation, also known as Amerindo Investment Advisors, Inc. ("Amerindo Panama"), which has, at all times, been a separate legal entity from Amerindo. At the present time, there is no common ownership with respect to Amerindo and Amerindo Panama, and no overlap between the directors, officers and employees thereof. The present owners of Amerindo formerly owned Amerindo Panama, but they sold it to its present owners in 2001. Pursuant to that transaction, the present owners of Amerindo Panama have the right to continue to use the "Amerindo" name through December 31, 2005, after which time the name of the company will be changed. Amerindo does not control or manage the present operations of Amerindo Panama.

During Ms. Cates' tenure as a client of Amerindo Panama, she has enjoyed profits in excess of \$10,000,000 on an initial investment of \$1,700,00.00, and it is our understanding that she has received more than \$6,000,000.00 in distributions from that firm.

In or about February, 2005, Amerindo received a request from Ms. Cates that her account be closed. In response, Amerindo informed Ms. Cates, by letter to her attorney, Mr. Swanson, dated February 23, 2005, that she should submit her request, in writing, to Amerindo Panama, with a copy to Amerindo Advisors (UK) Limited, a U.K. based separate entity, which has provided administrative services to Amerindo Panama.

We are confident that Amerindo Panama would have no objection to Ms. Cates' decision to close her account. **In fact, we believe that the liquid securities in her account, totaling close to \$4,000,000.00, have already been turned back to her for her management and disposition.** The matter of closing Ms. Cates' account and returning the remaining balance of her funds to her is, however, complex. This is because we understand that what remains to be liquidated are entirely private placement securities, for which there is no public market. Even if buyers can be found for such illiquid securities, industry practice is that they tend to be sold for typically 10% to 20% of their original costs. This has been explained in detail to Ms. Cates and her lawyer.

For example, Ms. Cates' account includes two shares of Rhodes Capital Group Limited, which Ms. Cates acquired in or about 1989, pursuant to a private placement, with an initial investment of \$1,000,000.00. Since making that investment, Ms. Cates has received considerable dividends. Ms. Cates and her attorney have been informed that it is anticipated that the remaining private investments will be liquidated, but that this could take up to two years. Ms. Cates' account includes a second private investment for approximately \$5,000,000.00, which was made with Ms. Cates' express consent in 2002, and was expected from the outset, to be of approximately a 10 year duration, corresponding to comparable private equity vehicles. Ms. Cates has, at all times, been fully aware of the long term nature of these investments, including their short term illiquidity.

When Ms. Cates decided to terminate her investment relationship with Amerindo Panama, she and her lawyer were told that every effort would be undertaken to sell her illiquid

investments to one or more other private investors, which could easily take two to three years, and that the value to be received for the investments would be negotiated with the ultimate buyer(s), as there is no public market for the securities involved. Ms. Cates and her attorney are well aware of this, and of the fact that there can be no assurance as to the precise time frame in which a final liquidation of her investments with Amerindo Panama can be accomplished. We believe that Amerindo Panama will make every effort to do this as expeditiously and on as favorable terms as possible. Several efforts have been made to contact Ms. Cates' lawyer to discuss this matter further, but there has been no response yet.

Amerindo stands ready to assist Amerindo Panama in this effort, and would do so without charge.

Very truly yours,

AMERINDO INVESTMENT  
ADVISORS INC.

A handwritten signature in dark ink, appearing to read 'Alberto Vilar', with a stylized, cursive script.

Alberto Vilar

cc: Edward T. Swanson, Esq.  
1135 17<sup>th</sup> Street, Suite E  
Santa Monica, CA 90403

Message Confirmation Report

MAY-20-2005 06:10 PM FRI

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Please see the attached letter.

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TO: Cheryl M. Lawson  
FAX #: 415.705.2330  
FROM: Alberto Villar  
REF: File No. SF-1064027

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